



# Committee On Finance

Max Baucus, Ranking Member

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## NEWS RELEASE

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### **Baucus Applauds Final Energy Package** *Legislation Nears Final Passage*

(WASHINGTON, D.C.) U.S. Senator Max Baucus praised the agreement of a comprehensive energy package that will lessen America's reliance on foreign sources of energy, boost renewable resources, and provide reliable energy for the nation. As a lead negotiator in the talks, Baucus played a lead role in crafting the final deal.

Baucus, ranking member of the Senate Finance Committee, worked with Chairman Grassley to write the tax provisions in the legislation. Tax incentives in the bill will accelerate domestic energy production, increase conservation efforts, and develop alternative sources of energy such as wind, solar, bio-mass, ethanol, and clean-coal technology.

"Energy is vital to our nation's economy and security," Baucus said. "Our country relies too heavily on unstable, expensive sources of energy. This tax package will provide affordable energy for the country and lessen our dependence on foreign oil. Conservation efforts, improved energy efficiency, and expanded use of alternative fuels will be generously rewarded by these tax incentives."

The energy tax plan also includes new incentives for energy efficient homes, alternative fuel vehicles, and developing fuel cell technology Baucus noted.

"This energy tax package will help provide reliable, affordable energy for jobs, homes, and businesses," Baucus said. "These incentives will create jobs and spur domestic energy production."

Baucus also emphasized the importance of the overall package. The bill contains new programs and incentives aimed to promote alternative resources, like wind, solar and ethanol as well as increasing the availability, efficiency and environmental performance of traditional energy resources, like coal, oil, and gas. The bill also promotes conservation and energy efficiency, and mandates new reliability standards for the nation's electricity grid in and effort to prevent another large-scale blackout.

"This bill will conserve resources, make traditional means of energy more efficient, and create good-paying jobs," Baucus said. "I am proud of the cooperative effort to get agreement on this important legislation."

A brief summary of the Energy Tax Package is below and a technical description of the conference agreement is also attached.

### Electricity Infrastructure

- Extending the Sec. 45 production tax credit for wind, biomass, geothermal, trash combustion and small irrigation hydro through 2007.
- Clean Energy Bonds that will provide tax credit bond authority for electric cooperatives, tribes and municipal utilities to finance renewable energy facilities.
- A credit for the production of electricity from nuclear facilities.
- Tax incentives for clean coal facilities.
- 15-year depreciation for electricity transmission lines

### Domestic Fossil Fuel Security

- Credit for investment in coke manufacturing facilities.
- Expensing for refinery capacity investments.
- 2-year amortization for oil and gas exploration costs
- Reduce depreciation period for natural gas distribution pipelines from 20 years to 15 years.

### Conservation and Energy Efficiency

- Tax credit up to \$2000 for the builder of an energy efficient home.
- Tax credit up to \$500 for homeowners making significant efficiency improvements to existing homes.
- 30% investment tax credits for fuel cell and solar equipment.
- Various tax credits for energy efficient appliances.

### Alternative Vehicles and Alternative Fuels Incentives

- Variable tax credits for purchasers of alternative fuel vehicles. Credit adjusted depending on the fuel economy and incremental cost of the vehicle.
- \$1000 tax credit for residential alternative fuel refueling stations; \$30,000 tax credit for commercial refueling stations.
- Extension of the biodiesel credit.

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